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COMMERCE FOR ITA/MAC

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TAGS: ECON ETRD EAGR BEXP NI  
SUBJECT: NIGERIAN TRADE POLICY: BUSINESS (AND POLITICS) AS  
USUAL

REF: ABUJA 1163

Classified by Ambassador Howard F. Jeter, reasons 1.5 (b and d)

(C) 1. Summary. Refuting reports that the GON planned a 100 percent tariff on most imported goods that can also be made in Nigeria, the President's Chief Economic Advisor acknowledged some officials were advocating the idea, but said "there will be no such thing." However, the Principal Secretary to the President told a U.S. businessman that the

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tariff would be imposed. The GON tariff policy is not yet settled as free traders and protectionists seek to prevail against each other. In the end, tariff policy will likely be more of what currently exists--not an across-the-board increase but a mixed bag of increases and decreases that reflect political considerations in an election year as much as they reflect GON economic concerns. Meanwhile, confusion at the ports likely will reign. End Summary.

12. (SBU) Procter and Gamble (P&G) Vice-President for Sub-Saharan Africa Philippe Bovay met Principal Private Secretary to the President Stephen Oronsaye on November 4 to

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discuss the March 2002 40 to 100 percent tariff increase on detergents. Bovay told Econoff that during the meeting, "Oronsaye re-iterated that it has become a matter of national policy to impose 100 percent import duty for items already manufactured in Nigeria, as a means to encourage more local manufacturing." According to Bovay, "Oronsaye advised there were two schools of thought in the Government, one for lower duties and one for 100 percent protectionist duties, and that the 100 percent school of thought was the current prevailing position."

13. (C) During a November 11 conversation, Econoff asked Oronsaye whether the GON had amended its trade policy to implement a 100 percent tariff on the import of all goods that are also manufactured in Nigeria. Oronsaye said that he was "not able to comment." He suggested that within the next two weeks the picture would become clearer, after the Ministers of Finance, Commerce, and Industry had concluded their discussions on trade policy for the 2003 GON budget submission.

14. (C) Chief Economic Advisor to the President Magnus Kpakol told Econoff on November 11 that the GON 2003 budget would not include a 100 percent tariff on all imported goods for which there are local competitors. However, he claimed that "There were people fighting for such a trade policy," and "that defeating them had been difficult." According to Kpakol, even if 100 percent tariffs helped to promote domestic industry, in practice the primary result would be steeply increased smuggling, with actually less protection for the domestic industry and no additional tariff revenue collected.

15. (C) Kpakol denied press reports that the GON planned to ban imports of certain pharmaceuticals that could be produced in Nigeria. Kpakol said that although a Ministry of Health official made such a claim at a meeting of the Pharmaceutical Society of Nigeria, wiser heads would prevail, and no such policy would be established.

16. (C) Comment. Kpakol is a key voice in GON economic policy and his stance on open markets is encouraging. However, at times Kpakol can overestimate his influence and can be overly

optimistic about the strength of free traders in GON policymaking. He also knows us and knows what to tell us to cast the GON in the best possible light. Right now, the view on GON tariff policy is unclear. We cannot tell if there will be a radical increase in tariff rates. Our best guess is that a 100 percent comprehensive increase is improbable. However, some increases are indeed likely. As has been the case the past two years (Reftel), the tariff schedule will remain both a tool of GON economic policy as well as of political concerns. Meanwhile, confusion at the ports will likely reign as customs officials attempt to collect levies not based on the official tariff schedule that might be weeks or months in coming but, in an effort to extract additional payments, on the latest public announcement or media report that purports to reflect GON policy. End Comment.

JETER